

REMARKS

The amendments and remarks presented herein are believed to be fully responsive to the Office Action. Claims 21-25 and 27-35 are pending in the present application. Claim 26 has been canceled, without prejudice. The independent claims recited by the present application are claims 21 and 35.

The Office Action states that claims 21-35 stand rejected under 35 U.S.C. 103(a), as being unpatentable over Cheung et al. (U.S. Patent No. 7,043,471)(hereinafter “Cheung ‘471”).

Examiner Interview Summary: Attorneys (Mark E. Stallion and Changhoon Lee) for the Applicant conducted a telephonic interview with Examiner (Nathan C. Uber and Arthur Duran; hereinafter referred as to the “Examiner”) regarding the present application on July 24, 2008. The Examiner and Attorneys agreed that Cheung and the claimed invention differed in that the Project expense is the only driving cost factor in the present invention. Attorneys for the Applicant notes that the present invention sets up a service provider’s predicted expense as an account limit. Once the actual advertising cost exceeds the predicted expense, the service provider would be responsible for advertising during the remaining time period of the first advertising period (free advertising) because both the service provider and the advertiser rely on the predicted expense. The Examiner and Attorneys agreed that the account limit of the present invention is driven by the service provider, whereas the account limit disclosed by Cheung ‘471 is driven by the advertiser, not the service provider. Attorneys for the Applicant agreed to modify limitations in the independent claims 21 and 35 as amended herein to clarify the above-discussed distinguishable limitations in the present invention. The Examiner agreed to consider

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entering an amendment after-final if Examiner believed that it puts the claims in condition for allowance and did not require further search.

The following are remarks were presented to the Examiner in draft form prior the interview:

CLAIM REJECTIONS:

A. Claim Rejections under 35 U.S.C. § 112

The Office Action states that claim 26 stands rejected under 35 U.S.C. 112, as failing to comply with the written description requirement. The Office Action notes that there is no recitation or explanation of a “predetermined multiplier” in the initial disclosure of the specification. Applicant respectfully cancels claim 26, without prejudice. As such, the rejection thereof is now moot.

B. Claim Rejection under 35 U.S.C. § 103

The Office Action states that claims 21-35 stand rejected under 35 U.S.C. 103(a), as being unpatentable over Cheung '471. Applicants respectfully traverse.

Claims 21 and 35

The amended claims 21 and 35 of the present invention recite:

... upon receipt of a request for advertising from the advertiser, setting up the predicted expense as an account limit for the first advertising period;

maintaining a search information database including a search listing associated with the advertisement, in response to the request for advertising from the advertiser, the search listing being associated with the search word;

receiving a search request from a user, the search request including the search word;

identifying the search listing associated with the search word in response to the search request from the user, thereby placing the search listing in accordance with a predetermined advertising rule;

assessing actual cost for the advertisement based, at least in part, upon a number of actual clicks on the search listing in accordance with a predetermined rule; updating account information of the advertiser based, at least in part, upon the actual cost; and

if the actual cost exceeds the predicted expense,
providing the advertiser with a free advertising period
during the remaining time period of the first advertising
period without charging beyond the predicted expense, the
free advertising period being a period of time in which
advertisings are served but the advertiser's account for
the advertisement is depleted.

With regard to the limitation of providing the advertiser with a free advertising period during the remaining time period of the first advertising period beyond the predicted expense, the Examiner admits that Cheung '471 not only fails to disclose the limitations but also takes position that free advertisement are a defect in the art and seeks to prevent them from being distributed. See Office Action page 5.

Nonetheless, the Examiner asserts that "it would have been obvious to one having ordinary skill in the art at the time the invention was made to disagree with Cheung's position that free advertisements are a defect in the art and to alternatively award free advertisements to advertisers because Cheung invention has the capability to predict, detect, report and award free clicks and because Cheung presents the option of awarding free advertisements verses not awarding them."

Contrary to the Examiner's findings, the recitations of the present invention are not taught or suggested by Cheung '471 since Cheung '471 in no way teaches the steps of: setting up the predicted expense as an account limit and providing the advertiser with a

**free advertising period during the remaining time period of the first advertising period
once an actual cost of advertisement exceeds the predicted expense.**

The present invention provides an advertiser with a predicted expense; sets up the predicted expense as an account limit; and provides the advertiser with a free advertising period once an actual cost of advertisement exceeds the predicted expense.

The specification of the present invention also supports such limitations. For example, Paragraphs [0029] and [0058] of the present application recite:

[0039] The system for providing a search word advertisement 100 predicts the maximum number of expected clicks during the contracted advertising period, with respect to particular search listing, and in correspondence to the predicted maximum number of expected clicks, generates predetermined information on a reserve fund. At this time, the maximum number of expected clicks is a predetermined statistical value that the number of clicks of the searcher 120 for search listing is predicted, wherein the search listing is abstracted by a search word....

[0058] Moreover, the advertisement cost subtracting means 250 compares a reserve fund that is initially deposited to an account (an expected advertisement cost), with a cost for execution of advertisement that is computed based on valid clicks. At this time, in case that the reserve fund is completely out of before the contracted advertising period ends, the advertisement cost subtracting means 250 notifies the advertiser 130 of information related thereto. Namely, in case that the measured number of clicks exceeds the maximum number of expected clicks, the advertisement cost subtracting means 250 stops subtraction of information on a reserve fund from an account and with respect to the period from when the reserve fund to be subtracted is '0' to when the advertising period ends, and notifies the advertiser 130 that connection to corresponding search listing 320 is performed free of charge. Accordingly, access and connection is continuously guaranteed during the first contracted advertising period, without regard to the number of actual clicks. Thus, there is an effect that it is possible to enhance the advertiser 130's reliability on initially intended advertisement effects....

Whereas, Cheung '471 acknowledges the phenomenon of advertisers contracting payment limits for advertising for periods of time and receiving free advertisements if advertisements are served to users exceeding those limits. To solve this defect, Cheung discloses an account monitoring system which allows a search engine provider to provide account information notices to the advertisers and prevents over-delivery and overcharging for participation in a search engine.

Cheung '471 discloses a method of calculating a predicted expense for keyword advertising ("Project Expense"). **However, the account limit in Cheung '471 has no correlation with the "Project Expense."** The "Project Expense" of Cheung '471 is simply information to help the advertiser deciding their deposit on the advertiser's account. The account monitoring method of Cheung '471 allows the advertisers to set up an account limit; assesses charges to the advertiser's account with elimination of non-chargeable events or fraudulent events; sends account information notices to advertisers before an actual cost of advertisement exceeds the account limit; and stops advertisement after an actual cost of advertisement exceeds the account limit. The primary features of Cheung '471 are (1) sending prior account information notices to the advertisers; (2) assesses charges to the advertiser's account with elimination of non-chargeable events; and (3) stops advertisement after an actual cost of advertisement exceeds the account limit.

The Examiner asserts that since Cheung '471 discloses the method of calculating the predict expense and stopping the advertisement after an actual cost of advertisement exceeds the account limit (or deposit), it would also be obvious that the account management system allows the free advertisement after the actual cost of advertisement exceeds the predicted expense as recited in the present invention. However, it would be unrealistic (or still defect) to provide the

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free advertisement after the actual cost of advertisement exceeds an arbitrarily selected account limit that is not associated with the predicted expense. As such, Applicant respectfully traverses the Examiner's characterization of Cheung '471 because Cheung '471 does not teach or suggest setting up the account limit for the advertiser in association with the predicted expense.

Even assuming, for the sake of argument, that Cheung '471 teaches setting up an account limit for the advertiser in association with the predicted expense, Cheung '471 teaches away providing the advertiser with a free advertising period after an actual cost of advertisement exceeds the predicted expense.

The Examiner further asserts:

It would have been obvious for one having ordinary skill in the art at the time the invention was made to try awarding free clicks rather than bill for them since there are a finite number of identified, predictable potential solutions for handling the extra click situation and one having ordinary skill in the art could have persuaded the known potential solutions with a reasonable expectation of success." See Office Action, page 6 (emphasis added) .

Contrary to the Examiner's assertion, there would be a plenty of potential solutions for handling the extra clicks situation. Cheung '471 identified problems of the conventional account monitoring methods which often result in advertisements being over-delivered beyond the advertiser's pre-selected account limits. To solve the problems, Cheung '471 (1) provides prior account information notices to the advertisers; and (2) stops advertisement after an actual cost of advertisement exceeds the account limit. There could be an infinite number of solutions for these problems. For example, the service provider could give the advertiser some discounts after the actual cost exceeds the account limit; the service provider could prevent the advertiser from setting up any account limit; the service provider could change position of the advertisement

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after the actual cost exceeds the account limit; the service provider could charge the advertiser for the extra clicks with prior consent; and etc. Both providing prior account information notice and providing free advertising after the actual cost of advertisement exceeds the account limit associated with the predicted expense are not the only possible options to solve these problems.

In response to Applicant's "teaching away" argument, the Examiner further asserts:

Cheung neither expressly nor impliedly teaches away from applicant's invention. Expressly teaching away requires a direct recitation that a particular approach would disrupt the proper function of the invention or render the invention inoperable. Here Cheung does not make such an assertion. Impliedly teaching away is similar to expressly teaching away, except that the prior art does not expressly state the teaching away, but it is clear from the disclosure that a particular variation of the invention would render it inoperable.

Contrary to the Examiner's assertion, Cheung '471 expressly or impliedly teaches away from Applicant's invention. As the Office Action admits, the free advertisements in the internet advertising charging models associated with a click-through is a defect according to the Cheung's position. Characterization of the free advertising as a defect in Cheung '471 would not contrarily motivate a person of ordinary skill but discourage the person of ordinary skill from following the defect (free advertisement) set out in the reference. The Federal Circuit also supports Applicant's position, holding "[a] reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant ... [or] if it suggests that the line of development flowing from the reference's disclosure is unlikely to be productive of the result sought by the applicant." *Tec Air, Inc. v. Denso Mfg. Mich., Inc.*, 192 F.3d 1353, 1360-61 (Fed.Cir.1999) (citing *In re Gurley*, 27 F.3d

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551, 553 (Fed.Cir.1994)). As such, Cheung does not teach or suggest limitations recited in the independent claims 21 and 35 of the present application.

As such, Cheung '471 does not teach or suggest the present invention. Therefore, claims 21 and 35 are now in condition for allowance.

Claims 22-25 and 27-34

Claims 22-25 and 27-34 depend from independent claim 21 and, as such, are in allowable condition since claim 21 is clearly allowable over the cited prior art.

Claim 26

Since claim 26 has been canceled, the rejection thereof is now moot.

In light of the aforementioned amendments and discussion, Applicant respectfully submits that the application is now in condition for allowance.

If any issue regarding the allowability of any of the pending claims in the present application could be readily resolved, or if other action could be taken to further advance this application such as an Examiner's amendment, or if the Examiner should have any questions regarding the present amendment, it is respectfully requested that the Examiner please telephone Applicant's undersigned attorney in this regard.

Respectfully submitted,

Date: August 18, 2008



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